

Exhibit 66

***State of California ex rel. Ven-A-Care of the Florida Keys, Inc. v. Abbott Laboratories, Inc., et al.*, Master Civil Action No. 01-12257-PBS, Subcategory Case No. 06-11337**

Exhibit to the January 29, 2010 Declaration of Philip D. Robben in Support of Defendants' Joint Sur-Reply Brief in Opposition to Plaintiffs' Motion for Partial Summary Judgment

CPHA wins fight on AWP minus 12%

After intensive negotiations, CPhA and the Department of Health Services have agreed to a Medi-Cal reimbursement of AWP minus 5%. This reimbursement is scheduled to take effect October 16.

The association is not pleased with the AWP minus 5% reimbursement, but it is much better than the original proposals for AWP minus 10-12%. CPhA's political influence and credibility were critical in minimizing the impact the Medi-Cal reimbursement reductions will have on pharmacies.

CPHA Executive Vice President Robert Johnson stated, "No one ever wins in these situations, but in every instance, by acting responsibly, we have minimized the negative impact and, over the long haul, we still have probably the best Medicaid program in the country. It's far from perfect, but a far cry better than what it would be without a strong professional association to represent California pharmacy's interest."

With members' support, CPhA will be able to convince the legislature that a meaningful fee increase is called for in next year's budget.

It all started in January

When the Governor's budget was introduced in January, it called for an \$80 million reduction in Medi-Cal drug program expenditures. DHS intended to cut \$40 million in drug product prices through manufacturer's rebates and another \$40 million through the adoption of a reimbursement formula based on Wholesale Acquisition Cost (WAC).

CPHA immediately protested the implementation of WAC and, with legislative assistance, won a victory in June when DHS agreed to abandon WAC.

Then, in July, the Governor signed a budget veto message requesting that DHS cut \$14 million from its budget by implementing AWP minus 12%. CPhA estimated that this would actually represent a loss of approximately \$13 million to California pharmacies.

Get involved in your association!

Now appointments will soon
be made to CPhA committees,
task forces and advisory boards.
See page 12 to find out how
you can get involved.

Again CPhA sprang into action at the Capitol. CPhA and its members urged legislators to flood the Governor's office with phone calls urging him to reconsider his decision. As a result of the calls to the Capitol, CPhA began discussions with DHS and the Governor's office to find a budget solution that would be equitable for California's pharmacies.

Federal government requires a discounted AWP

As these deliberations got underway, an administrative ruling issued at the federal level and upheld by DHS Secretary Sullivan required states to move toward an actual acquisition cost through a discounted AWP in order to receive federal funding for Medicaid. The HCFA regional office in San Francisco intensified its efforts to require DHS to adopt a reimbursement based on AWP minus 10 or 12% under threat of losing the 50% federal cost share in funding the Medi-Cal program.

Twenty-one states are already reimbursing at a discounted AWP, primarily in the 10% range. It is expected that, with Secretary Sullivan's ruling, all state reimbursements will be based on a discounted AWP within the next few months.

After intensive negotiations, CPhA and DHS finally settled on a reimbursement of AWP minus 5% in order for California to meet the federal requirement. Had CPhA accepted a deeper discount of the AWP, a modest fee increase might have been realized. For example, AWP minus 8% with a \$.20 fee increase.

The association took the position, however, that we must hold the line at AWP minus 5% and take our case to the legislature for a more responsible and realistic fee adjustment in next year's budget.

Meetings begin to restructure Medi-Cal

CPHA has assurances that staff from the Health and Welfare Agency and DHS will begin meetings with CPhA immediately to look at restructuring Medi-Cal to make it more efficient and to endeavor to get drug manufacturers to participate responsibly in sharing in the program cost. We will also seek the Administration's support of a 10% fee increase in the next budget.

The association will keep its members updated on the status of continuing deliberations as we seek improvements in the program.

ATTACHMENT G

Coming Attractions

October 22 — New Advances in the Management of Hypertension: A Pharmacy Practice Update, Monterey Inn, San Francisco. Page 25.

October 29 — Pharmacy Practice for the Geriatric Patient, Part 7, Los Angeles Airport Hilton, Los Angeles. Page 35.

November 4-5 — Clinical Practice Workshop, Doubletree Hotel Marina Beach, Mayaca del Rey. Page 61.

November 12 — Pharmacy Practice for the Geriatric Patient, Part 7, St. Francis Hotel, San Francisco. Page 35.

November 13-16 — MARD's annual meeting, San Antonio, Texas.

November 19 — New Advances in the Management of Hypertension: A Pharmacy Practice Update, Stanford Conference Hotel, Los Angeles. Page 25.

February 1-4, 1990 — Annual Meeting, Hyatt Regency, Sacramento. Page 16.

June 24-28, 1990 — Academy Week, Westin Nani, Maui, Hawaii. Page 66.

Ad Index

Beecham Products	13
Biohinger Ingelheim	Insert
Eli Lilly and Company	67
Etreby Computers	63
First DataBank	50
FHP	64
Foundation Systems	58
General Computer Corp.	21
Hoffman-La Roche	14-15
Kaiser Permanente No. Calif.	4
L. N. Lloyd & Associates	20
Mavis Computer Systems	2
Nordisk-USA	29
Pacific Pharmacy Computers	57
Pharmed	63
Pharmaceutical Care Network (PCN)	56
Pharm-X	59
PPA (Professional Pharmaceutical Associates)	55
Rennick Pharmacy Design and Finishes	47
Rx Relief	57
Smith Data Processing	43
Schmitt Quincy	49
Sweet Life	37
Upjohn Company	7
United States Air Force	51
Wolf Computer Services	59
Wuest Chiropractic	51

OCTOBER 1989